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FM AMEMBASSY ASHGABAT

TO RUEHC/SECSTATE WASHDC 3450

INFO RUCPDOC/DEPT OF COMMERCE WASHDC PRIORITY

RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE

RUCNCIS/CIS COLLECTIVE

RUCNMEM/EU MEMBER STATES COLLECTIVE

RUEHAK/AMEMBASSY ANKARA 5658

RUEHBJ/AMEMBASSY BEIJING 3376

RUEHKO/AMEMBASSY TOKYO 3240

RUEHIT/AMCONSUL ISTANBUL 3901

RUCNDT/USMISSION USUN NEW YORK 1136

RHMCUU/CDR USCENTCOM MACDILL AFB FL

RUEHVEN/USMISSION USOSCE 3891

RUEAIIA/CIA WASHDC

RHEFDIA/DIA WASHDC

RHEHNSC/NSC WASHDC

RUEKJCS/SECDEF WASHDC

RUEKJCS/JOINT STAFF WASHDC

UNCLAS ASHGABAT 001158

SENSITIVE

SIPDIS

STATE FOR SCE/CEN; EEB COMMERCE FOR EHOUSE

E.O. 12958: N/A

TAGS: EIND EPET EINT EINV ECON PGOV TX

SUBJECT: TURKMENISTAN ACQUIRES TWO NEW OIL TANKERS.

- $\underline{\mbox{\tt 1}}\mbox{\tt 1}.$ (U) Sensitive But Unclassified. Not for Public Internet.
- 12. (SBU) SUMMARY. Turkmenistan received its second Russian-made oil tanker on September 8; the "Hazar" (Turkmen for "Caspian") was built in Krasnoye Sormovo (Novgorod), Russia. In August, the first tanker, the "Sumbar", named after the Sumbar River in Western Turkmenistan, arrived in Turkmenistan. It is expected that Turkmenistan will use these tankers for future crude oil exports. The state company Turkmendenizderyayollary (Turkmen Sea and River Lines Co.), will operate the vessels, but ownership belongs to the Turkmen state oil company Turkmenneft. In the past, Turkmenistan had one oil tanker, the "Atamurad Niyazov", which reportedly was in constant need of repair from the time of delivery. END SUMMARY.
- 13. (SBU) In addition to large tankers, acquisition of speedboats and commercial ships are also under consideration by the Turkmen government. It was reported that South Korean giant Daewoo continues to offer small boats, speedboats for police use, and larger ships to the Turkmen. The recent Turkmenistan tanker purchases signify GOTX plans to diversify its oil deliveries. In addition, attention to maritime transportation and services is on the rise in Turkmenistan.
- 14. (SBU) The two oil tankers have been earmarked for domestic use and oil export. To date, Turkmenneft uses railway and truck tankers to deliver its oil exports. In terms of past tanker ships, Turkmenneft only had the "Atamurad Niyazov." This Turkish-built tanker, named after former President Niyazov's father, was not accredited by the Maritime Register of Russia, the sole regulatory body for ships in the Caspian basin. The "A. Niyazov" was used only for coastal shipments of crude from Caspian onshore oil deposits

in Ekarem, a small seaport in Western Turkmenistan, to the Turkmenbashy Oil Refinery, the largest refinery in the country. It was reported that the crew of the "A. Niyazov" stated privately that the ship had serious manufacturing defects from the time of its purchase. Moreover, the only waterway from the landlocked Caspian to the ocean is through the Volga-Don canal. Previously, Turkmenistan used this route to send its crude via foreign tankers. Embassy contacts reported that the Turkmen might try to send oil through this route in its two new tankers.

15. (SBU) COMMENT: The Turkmen government's purchase of two large oil tankers meshes with government promises to diversify its lucrative hydrocarbon sector. Time will tell if the new Russian tankers truly provide the Turkmen with more oil delivery options. END COMMENT.

CURRAN